

Legislative Issue Brief – State Budget



Catawba County Board of Commissioner's Legislative Goal

Oppose any State efforts to force additional unfunded mandates or take away local revenues as a result of the State budget crisis

Background

At the beginning of the 2009-2010 State budget process the General Assembly was faced with a \$3.2 billion shortfall. Fiscal challenges have continued into the current year. Most recent reports show that the State's General Fund revenues are \$110 million below target and overall collections are 1.5% below target. During previous State budget crises, the Governor and the General Assembly reduced the deficit by passing on additional unfunded mandates to counties or withholding local revenue. The impact of these actions is a growing burden on local taxpayers to pay for the State's budget shortfall.

To balance the 2009-2010 State budget, the General Assembly took several actions that impacted counties. Some of the major actions are highlighted below:

- Suspended Average Daily Membership (ADM) Funds for school capital for two years (Approximately \$1.3 million each year)
- Eliminated \$18 per day jail misdemeanor payments (\$187,478)
- 10% of Court Facility Fees were taken by the State (\$25,000 projected based on 08-09 revenues)
- Reduced allocation to schools, resulting in a combined budget decrease of \$8,884,134 for all three school districts.
- Cut funding to Catawba Valley Community College by \$1.2 Million as a result of a 3.5% cut to the original budget and a 5% reversion (2% was returned to CVCC due to enrollment growth).
- Decreased funding to the ASU Center in Hickory (Hickory Metro Higher Education Center) by \$250,000
- Cut Beer and Wine revenues by 2/3, resulting in an estimated \$245,000 loss to Catawba County.
- Required counties to provide office space to employees of the Department of Corrections assigned to the district court, which is a potential impact of \$38,000.
- Made reductions to Public Health in the Smart Start Program, and just recently made additional cuts to this program as well as Health Check. These reductions totaled \$102,898.
- Cut JCPC allocation by 5%; a reduction of \$17,943 dispersed among various programs.
- Cut funding for several programs within the Department of Social Services and also imposed unfunded mandates that resulted in an impact of \$550,650. Besides a reduction in direct aid, affected programs include Family N.E.T, Smart Start, Catawba County Schools, JCPC for Corner House I & II and Family N.E.T, and Mental Health Service Definitions.

Governor Perdue released her recommended 2010/2011 budget on April 20, 2010. The following items will negatively affect Catawba County and should be opposed.

Education

Removal of funding for ASU Center at Hickory – (\$264,833)

The Governor's Budget states – "The Hickory Metro Higher Education Center at Catawba Valley Community College shall be combined with the NC Center for Engineering and Technology, also located in Hickory and administered through Appalachian State University."

Social Services

Adult Services

Change State Participation in State Adult Care Home Specialist Fund – (\$6,000)

Monies in the State Adult Care Home Specialist Fund are allocated to counties based on the number of licensed adult care homes in order to support monitoring and inspection efforts performed by local departments of social services staff. The non-federal share is split between the state and counties, 40% and 10% respectively. The proposal would evenly distribute the non-federal share at 25%. – Increase county cost of \$6,000. Assume no real changes to consumers or program. Will supplant with reinventing/ surplus funds

Children's Services

Reduce NC REACH Underutilized Funding – (Unknown at this time, but could result in greater use of Gretchen Peed Scholarship Fund)

NC REACH provides post-secondary scholarship support to young people who were adopted from DSS foster care after age 12 or aged out of NC foster care at age 18. The reduction suggested for this program reflects funds that have historically not been used by the NC REACH scholarship program. Families apply directly through the state and payments are made directly to the educational institution, so it is hard to tell what kind of impact (if any) this would have at the local level. This could cause greater use of Gretchen Peed scholarship fund. Per the state, we had 7 applicants from Catawba County receive funding.

Eliminate Child Advocacy Center Funding – (\$18,000)

Eliminate State funding of duplicative services provided through 22 accredited Child Advocacy Centers because those services are also provided through local departments of social services. Long term could impact both consumers and Social Services. This cut is clearly in conflict with one of the Catawba County Board of Commissioners' legislative goals that advocates for additional funding for Child Advocacy Centers.

Change Permanency Planning State Match – (\$14,100)

Permanency Planning services for children, including activities to support foster care, adoption and child protective services, are supported through a 75% + 25% match with federal IV-B1 funding, of which the 25% is currently paid by the State. It is recommended that the required match of 25% for permanency planning services be transferred to the local departments of social services. This will increase county costs by \$14,100. Assume no real changes to consumers or program as these funds support mandated services. Will supplant with reinventing/surplus funds.

Reduce Funding Authorization to Counties – (\$79,000)

This recommendation makes permanent a reduction of the funding authorizations provided to counties for Foster Care/Adoption IV-E, Child Protective Services-State and Child Protective Services IV-E, and adult care home case management. This funding was not provided in 2009-10,

and adult care home case management funding has been under spent over the past five years. For the most part, Social Services has adjusted to absorb these reductions in the current Fiscal Year and through worse-case scenario budgeting, for next Fiscal Year. A majority of the services being funded through these sources are mandated in child welfare and therefore rise to the top, strategically speaking. Any further adjustments made would likely come from other areas to help offset the increased use of surplus.

Medicaid

PCS Reform – (We do believe this will have a financial as well as consumer impact, however we are still trying to understand the specific changes they are suggesting, what the new service(s) will look like, and thus the impact to us)

Reforms the in-home PCS program-to provide care for individuals who are at risk of needing institutional care. Reform includes the elimination of in-home PCS services for adults and the creation of a new program for adults with the most intense needs. Some of these individuals are currently enrolled in the PCS Plus program (those requiring extensive assistance with three or more ADLs). A portion of the individuals in regular in-home PCS that have the highest need for in-home support will also be included. The expansion of the PCS Plus into a new program will ensure those individuals that do not qualify for nursing home care and have the greatest need will receive appropriate service in their homes.

Smart Start – 4% Cut (Potentially up to \$32,000)

4% Cut-Holds subsidy harmless, which means the cuts have to come from elsewhere in Smart Start. Assuming our local SS board makes cuts similar to what it has in the past, could cost up to \$32K. We would have to review all programs and make the most strategically viable decision to absorb the cut.

Child Support TANF offset elimination – (\$50,000)

The State has put this in place because they have said that that counties have not paid in a portion of the TANF funds since early 1990's.

Sheriff's Office

State will charge for Jail Inspections (\$6,370)

The cost for the Newton Detention Center would be \$4,812.50 per year and Catawba County's share of the DCF would be \$1,557.50.

Public Health

Environmental Health (\$2,000)

Revenue reduced from \$6,000 to \$4,000 per county.

At this time, the cuts above have a negative impact of at least \$472,303 to Catawba County.

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